

Before the
Trade Policy Staff Committee
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
Washington, D.C.

Comments
of
Ispat Mexicana, S.A. de C.V.
on
Section 201 *Steel* Recommendations of
U.S. International Trade Commission

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January 4, 2001

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January 4, 2002

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VIA E-MAIL

Ms. Carmen Suro-Bredie
Chair, Trade Policy Staff Committee
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600 17th St. N.W.
Washington, DC 20508

Re: Ispat Mexicana's Comments on Import Relief the President Should Undertake Under Section 203

Dear Ms. Suro-Brodie:

On behalf of Ispat Mexicana, S.A. de C.V. (“Imexsa”), we submit these comments on what import relief President Bush should impose under Section 203(a) of the Trade Act of 1974 (“Trade Act”), as amended (19 U.S.C. 2253(a)). We believe that the best interests of the American steel industry and both U.S. and NAFTA law require the President to exclude Mexican slab imports from any import relief remedy.

U.S. Industry Needs High-Quality, Made-To-Order Mexican Slab

Imexsa is Mexico’s largest steel producer and only slab exporter. It is the only dedicated slab producer in the world using the Direct Reduced Iron (“DRI”)/Electric Arc Furnace (“EAF”)

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continuous casting method for its entire production.¹ Because of its specialized equipment, continual quality improvements, and close technical interaction with end users, Imexsa has been able to market slabs to top quality U.S. flat-rolled and tubular producers. No U.S. slab producer in the domestic merchant market supplies high-grade, made-to-order slab in a manner similar to Imexsa. Indeed, there is only one U.S. steelmaker that sells routinely on the merchant market (*i.e.*, to other steel producers), and that company has recently closed its production. In 2000 alone, Imexsa supplied [500,000 to 2 million] short tons of its top quality, specialized slab products to its U.S. customers.² Without Mexican slab, U.S. slab importers would suffer greatly.

Domestic Slab Producers Cannot Meet Requirements

Throughout the ITC investigation, U.S. steel industry executives supported Imexsa's contention that domestic producers cannot produce or will not provide the grades of slab that Imexsa regularly produces in response to customer orders. According to Ernie Rummler, an AK Steel executive, "AK Steel has been unable to locate a reliable high-quality source of domestically produced slabs."³ AK has been a major customer of Imexsa during the entire period of investigation, and Imexsa is able to produce slab to AK's specifications.⁴

¹ Affidavit of Gerardo Reyes, Sales Manager at Imexsa, at ¶ 4, Attachment A to Pre-Hearing Injury Phase Brief of Imexsa ("Imexsa Pre-Hearing Injury Brief"), submitted to U.S. International Trade Commission ("ITC") on September 10, 2001.

² Foreign Producer Questionnaire Response of Imexsa at 6, submitted to ITC on July 30, 2001.

³ Pre-Hearing Injury Phase Brief on Behalf of AK Steel Corp., California Steel Industries, Inc. ("CSI"), Duferco Farrell Corp., and Oregon Steel Mills, Inc. Regarding Carbon and Steel Slabs ("Pre-Hearing Brief of Joint U.S. Slab Importers") at Vol. II, Ex. 18 at ¶ 10, submitted to ITC on September 10, 2001.

⁴ See Imexsa Pre-Hearing Brief, at Ex. 2.

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Similarly, Duferco and CSI—**[both of which have a business relationship with Imexsa]**—testified that they were unable to obtain the specialized steel they required from domestic sources. Bob Miller, Duferco’s treasurer, stated:

On a handful of occasions domestic suppliers have approached us about selling slabs. These slabs are not produced to Duferco Farrell’s specifications and are a random assortment of the producer’s excess product, usually from off-heats that failed to meet customer requirements. As a result, it is only by chance that Duferco Farrell can use such slabs in its production process.⁵

Lourenco Goncalves, CSI’s President and CEO, added in his hearing testimony that minimill slab is not a viable substitute for the type of slab that Imexsa produces and that the minimills have never actually attempted to sell these slabs in the merchant market but that if they did, “we will not be able to use them because they are very thin and below the specifications of our hot thread mill.”⁶

For the last five years, **[a U.S. steel company]** has been Imexsa’s largest U.S. customer, purchasing **[200,000 to 1 million]** short tons of slab from Imexsa in 1996; **[200,000 to 1 million]** in 1997; **[200,000 to 1 million]** in 1998; **[200,000 to 1 million]** in 1999; and **[200,000 to 1 million]** in 2000.⁷ **[The numbers have increased in every year.]** Imexsa has been **[the major steel company’s major supplier from 5 to 10 years]** and is the only supplier that provides all

⁵ Record of ITC at 568, Injury Phase Hearings for *Steel*, Inv. No. TA-201-73 (“Injury Phase Record”), September 19, 2001.

⁶ *Id.* at 603.

⁷ See Affidavit of Gerardo Reyes, Sales Manager at Imexsa, at ¶ 4, Attachment A to Post-Hearing Injury Phase Brief of Imexsa, submitted to ITC on September 28, 2001 (“Imexsa Post-Hearing Injury Brief”).

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of [the steel company's] chemistries.⁸ [That steel company] has attempted numerous times without success to purchase slabs that meet its requirements from domestic suppliers. According to [a purchasing official at that company], "domestic sources have been afforded multiple opportunities to participate in our steel slab business and have continued to decline due to availability, chemistries and caster configurations."⁹ [That company's] correspondence with these domestic suppliers verifies that its repeated attempts to obtain the special grades of slab that it requires from domestic sources have been unsuccessful.¹⁰ Moreover, as the U.S. slab importers pointed out repeatedly during the investigation, U.S. slab producers are often finished steel competitors of theirs and have very little incentive to sell slab.¹¹

At the hearings, Ken Johnsen, Geneva Steel CEO, asserted that Geneva is capable of meeting the vast majority of slab specifications in the United States.¹² Steve Rowan, Vice President of Materials and Transportation of Oregon Steel, another customer of Imexsa, told of Geneva's numerous failed attempts to qualify their slabs.¹³ With its recently announced shutdown of its slab manufacturing operations, Geneva will not be able to *attempt* to meet the specifications any time soon of U.S. slab purchasers.

⁸ [Dated] Letter of [a senior steel company official], Exhibit 1 to Imexsa Post-Hearing Injury Brief.

⁹ *Id.*

¹⁰ See Correspondence between [a steel company] and Domestic Suppliers, Exhibit 2 to Imexsa Post-Hearing Injury Brief.

¹¹ See Pre-Hearing Brief of Joint U.S. Slab Importers, at Vol. I, 45; Injury Phase Record at 561, 564, 650, 660.

¹² See Injury Phase Record at 999.

¹³ See Pre-Hearing Brief of Joint U.S. Slab Importers, at Vol. II, Ex. 17.

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In short, the importance of Imexsa slab to U.S. finished steel producers cannot be overstated. As Lone Star's Paul Leatherwood explained:

Without Imexsa as a reliable slab source, Lone Star would face an uncertain future. Our company's manufacturing facility would have to **[alter its production processes, affecting between 1000 and 2000 employees]**. Any Section 201 remedy raising the price of Imexsa slab would **[have a negative effect on Lone Star]**.¹⁴

Certain Imexsa Slab Grades Unavailable From Domestic Slab Producers

Certain varieties of Imexsa's slab – API OCTG and API line pipe, including both sour gas and standard applications, and extra low carbon slab with a maximum carbon content of 0.045% carbon, produced with a vacuum degassing process – are simply unavailable from domestic slab producers in the U.S. merchant market, according to Lone Star's Paul Leatherwood.¹⁵

Mexican Slab Is Not Injuring U.S. Industry

The ITC's finding that Mexican imports are injuring the U.S. industry was based upon the following findings, all of which address an aggregation of flat products that include slab:¹⁶

Mexico was one of the top five sources of imports of certain carbon flat-rolled steel during the POI. Imports of certain carbon flat-rolled steel from Mexico increased absolutely between 1996 and 2000, with import volume increasing by 26.9 percent, from 1.9 million short tons in 1996 to 2.5 million short tons in 2000. The rate of increase in imports was higher than the rate of increase in non-Mexican imports (12.2 percent) or total imports (13.7 percent). Imports from Mexico were equivalent to 1.2 percent of domestic production (including production for captive consumption) in 2000, compared with 1.1 percent in 1996.

¹⁴ Affidavit of J. Paul Leatherwood, Vice President of Purchasing & Transportation Services at Lone Star Steel, at ¶ 9, Exhibit 1 to Pre-Hearing Remedy Phase Brief of Imexsa ("Imexsa Pre-Hearing Remedy Brief"), submitted to ITC on October 29, 2001.

¹⁵ See Affidavit of J. Paul Leatherwood, Vice President of Purchasing & Transportation Services for Lone Star Steel, at ¶ 4-6, Attachment B to Imexsa's Request to Exclude Products From Import Relief Under Section 203, submitted to Office of the United States Trade Representative on November 13, 2001.

¹⁶ The other products lumped together in this category are plate, hot rolled sheet, cold rolled sheet and coated sheet.

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Imports from Mexico were equivalent to 3.8 percent of domestic commercial shipments in 2000, compared to 3.3 percent in 1996. Average unit values for certain carbon flat rolled steel imports from Mexico were consistently below average unit value for other imports. Product-specific pricing data showed a mixed pattern of underselling and overselling by imports of certain flat-rolled steel products from Mexico during the POI.¹⁷

Because these findings are based on aggregations of vastly dissimilar products, they wholly misrepresent the facts regarding imports of Mexican slab.¹⁸ This fundamental problem of analysis was compounded by the faulty methodology employed by the ITC, which compared weighted average pricing for the products from the U.S., Mexico and other foreign suppliers without correcting for the distortions that can be caused by vastly different product mixes.

Analysis that eliminates these distortions shows that Mexican slab imports have not injured the U.S. industry.

Mexican Slab Imports During The POI Were More Stable Than Other Slab Imports

Mexican slab imports into the United States have remained steady the last five years, while lower-priced imports from Imexsa's chief competitors have risen dramatically. Imexsa's imports have ranged from **[a low of 500,000 to 2 million short tons in 1997 to a high of 1 to 2 million short tons in 1998, with total imports equal to roughly 1 to 2 million short tons in**

¹⁷ Report of the ITC in *Steel*, Inv. No. TA-201-73 ("ITC Report"), at 69-70, footnotes eliminated.

¹⁸ Just how dissimilar these products are can be shown by comparing the U.S. commercial prices for each in the year 2000:

Slab:	\$214
Plate:	\$401
Hot rolled sheet:	\$312
Cold rolled sheet:	\$445
Coated sheet:	\$544

ITC Report at Tables FLAT-12 – FLAT-15 and FLAT-17.

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the other three years].¹⁹ While Mexican slab imports have increased 30% in the last five years (from 1,258,424 short tons in 1996 to 1,635,969 in 2000), that increase is significantly lower than the 89% for other major slab suppliers.²⁰

**Increase in Slab Imports from Top Six Countries 1996-2000
(In Short Tons)**

Source	1996	1997	1998	1999	2000	Percent Increase
Brazil	1,878,767	1,886,663	1,648,880	2,815,247	2,645,051	40.8
Mexico	1,258,424	1,429,150	1,560,334	1,747,137	1,635,969	30.0
Russia	207,861	363,708	275,470	528,111	750,672	261.1
Ukraine	128,819	104,288	315,911	355,133	670,382	420.4
Australia	267,618	151,101	592,412	563,305	444,026	65.9
Japan	87,610	40,168	137,092	408,033	318,005	263.0
Overall Rate of Increase (not including Mexico)						89%

Source: ITC, based on official statistics of the Department of Commerce

The difference between Mexico and the other major suppliers is starker if the aberrant year of 1996 is disregarded. From 1997 to 2000, Mexican slab imports increased by only 14 % (from 1,429,150 short tons to 1,635,969 short tons), compared with 40 % for Brazil, 106 % for Russia, 543 % for Ukraine, 194 % for Australia, 692 % for Japan, and 90% for the five.

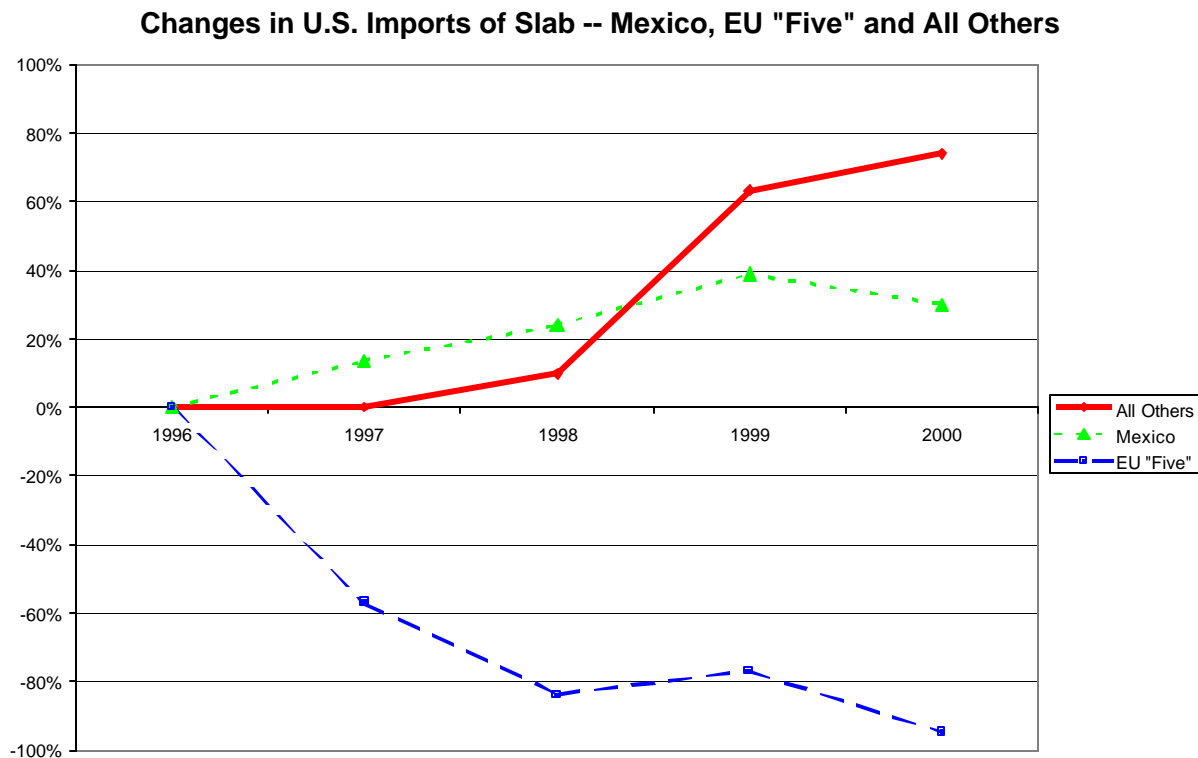
¹⁹ See Imexsa Foreign Producer Questionnaire Response at 6.

²⁰ The increases of the other five major exporters are as follows: Brazil (accounting for 36.4% of market share)—40.8%; Russia (10.3% of market share)—261.1%; Ukraine (9.2% of market share)—420.4%; Australia (6.1% of market share)—65.9%; and Japan (4.4% of market share)—263%.

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In relative terms, Mexico's share of the slab import market has also been stable, increasing only marginally from 20.0 % in 1996 to 22.5 % in 2000. This increase can in no sense be considered as injurious; it was attributable to a need to fill the void in the U.S. market for high-end slab created by the exodus of EU slab producers during the investigative period.²¹

These relationships between Mexican and other slab imports are illustrated on the following chart:



²¹ In 1996, the top five EU suppliers – Germany, Belgium, the United Kingdom, France, and the Netherlands – accounted for 29.5 % of the U.S. slab market, and all ranked among the top ten suppliers. By 2000, imports from those countries had declined by 95%, to under 96,000 short tons. The average price of EU imports in 1996 ranged between \$229 and \$275 per short ton; Mexican slab imports averaged \$274. ITC, based on official statistics of the Department of Commerce.

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These data show that, far from exceeding the rate of growth of other imports, Mexico fell well behind the rest. The ITC's conclusions regarding the flat products aggregation plainly mischaracterize the situation on slab imports.

Mexican Slab Was Sold At Higher Prices Than Other Slab Imports During The POI

In every year of the POI, Mexican slab was sold in the United States at prices higher than those of any other major supplier. As the ITC data on unit value of slab shows, Mexican slab had a higher average price for every year under investigation than the other five leading sources of imports. In 1996, Mexico's slab price was higher than the nearest other country's price by \$23 per short ton. In 2000, despite downward price pressures, the price of a short ton of Mexican slab was still higher than the price of Brazilian slab by \$10, Japanese slab by \$16, Russian slab by almost \$20, Australian slab by almost \$25, and Ukrainian slab by \$39 per short ton.²²

²² The fact that Mexican slab has not had an adverse effect on prices is also evidenced by the simple economic reality that Brazil, with 36.4 % of the import market share in 2000, is the industry leader and has sufficient volume to set the market price.

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Price Comparison of Top Six Countries 1996-2000
(\$/short ton)

<u>Country</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Mexico	273.96	256.14	234.45	182.45	233.37
Brazil	232.90	245.72	225.45	168.90	223.09
Russia	247.76	239.73	217.39	180.87	213.54
Australia	242.51	254.68	218.54	162.78	208.80
Japan	250.17	229.51	189.95	164.99	217.40
Ukraine	250.97	227.10	229.75	148.83	194.17

Source: ITC, based on official statistics of the Department of Commerce

The ITC's Injury Analysis Was Flawed

“Apples-To-Apples” Comparison Needed

The ITC's finding that Mexican flat products are injuring the U.S. industry is based on a mathematically flawed comparison of domestic, Mexican and non-NAFTA unit values that renders the ITC's injury finding erroneous.

To make its comparison, the ITC used weighted-average U.S., Mexican and non-NAFTA prices for the aggregation of “flat products,” consisting of slab, plate, hot rolled sheet, cold rolled sheet and coated sheet. That is, the prices for the component items were given a weight proportionate to the relative volume of sales in the three samples. Since the U.S. sales of flat products are more heavily weighted toward the much more expensive sheet products (over the period of 1996-2000, they ranged from 88.4% to 90.4% of the total sold commercially), the average U.S. price reflects the higher prices of those items. In contrast, Mexican imports are

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substantially weighted toward the lower end: for Mexico, the cheapest product, slab, accounted for between 62.4% and 66.3% of those imports over the period of 1996-2000. Consequently, the weighted averages of Mexican prices are skewed toward the less expensive products in the price spectrum. Moreover, for non-NAFTA countries, flat product imports are more evenly distributed among lower-end and higher-end products: sheet products accounted for between 54.3% and 74.0% of those imports over the period of 1996-2000. Comparing the U.S., Mexican and non-NAFTA unit values for flat products is, therefore, mathematically defective, since the three samples are composed of entirely dissimilar populations.²³

This problem can be illustrated by comparing the average unit values for the individual items in the aggregation:

Average Unit Value, Dollars Per Ton
Individual Flat Products By Year

	1996	1997	1998	1999	2000
Mexico					
Slab	274	256	234	182	233
Plate	390	433	438	292	377
Hot-Rolled	315	331	314	263	330
Cold-Rolled	402	409	379	316	362
Coated	617	598	600	542	589
U.S.					
Slab	223	228	229	204	221
Plate	482	473	470	402	401
Hot-Rolled	348	356	335	294	312
Cold-Rolled	492	496	472	440	445
Coated	616	621	597	557	544

²³ To take a simple example, suppose the prices of Mexican imports of each of the component flat products were \$10 higher than the U.S. (or other foreign suppliers') prices of \$250, \$300, \$350, \$400 and \$450 for each of those products. If the U.S.(or other suppliers') weights are 10%, 10%, 20%, 30% and 30%, the weighted average price is \$380. If the Mexican import weights are 30%, 30%, 20%, 10% and 10%, the weighted average is only \$330, even though, *for every product*, the Mexican price was higher.

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Non-NAFTA					
Slab	246	248	227	173	217
Plate	395	423	473	414	398
Hot-Rolled	326	319	284	263	298
Cold-Rolled	511	487	446	401	474
Coated	612	628	619	536	554

Source: ITC Report

The Mexican slab unit value is higher than the U.S. slab unit value for four of the five years of the investigation and higher than the non-NAFTA slab unit value for *every* year. Yet, in its unit value comparison of flat products, the ITC penalizes Mexico because a large proportion of its flat products is the relatively low-priced slab. The ITC's analysis is thus fatally defective in supporting the key determination it was asked to make – has the U.S. slab industry been injured by Mexican imports. The correct price data, undistorted by the ITC's faulty aggregation and weighting methodology, show that Mexican imports could not be blamed for that injury.

The ITC's Aggregation Of All Flat Products Was Inconsistent With The Requirements Of NAFTA And U.S. Law

The ITC's aggregation of flat products created bizarre results for Mexico. As shown above, the aggregation wholly distorted the analysis of slab imports. For the remaining four flat products (plate, hot-rolled sheet, cold-rolled sheet, and coated sheet), Article 802 of NAFTA and 19 U.S.C. §§ 3371 and 3372 plainly required that they be exempted because, for the first three, Mexico was not among the top five foreign suppliers, and for the fourth, Mexican imports declined dramatically over the period of the investigation.

Further, U.S. law, 19 U.S.C. § 3371(a)(1), dictates that the ITC analyze “imports of the *article* from a NAFTA country.” (Emphasis added.) The NAFTA uses a different word – good -- but one with the same intention that dissimilar products were not to be aggregated, even if a U.S.

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industry produces them all. Whatever the ITC's justification for aggregation, it was not permitted to ignore these requirements of NAFTA and U.S. law.

In its investigation, the ITC seems to have been concerned exclusively with the downstream effects of slab imports. Yet no analysis whatsoever appears to have been made whether these effects are due in any way to Mexican slab imports. Without that analysis, no rational conclusion could be made whether Mexican slab imports "contributed importantly" to injury; indeed, there is no basis for reaching that conclusion, given the high prices that Mexican slab is sold in the United States and the fact that much of the slab Mexico exports is not available from U.S. domestic sources.

Thus, aggregation has resulted in the inclusion of slab products that plainly should be exempted under the NAFTA. The NAFTA, after all, was designed to foster integration of North American markets. The ITC's affirmative finding on Mexican slab, based entirely on aggregation with downstream products, fails to take into account this NAFTA objective. In effect, Mexican slab has been penalized for furthering NAFTA objectives.

Mexican Slab Qualifies For Exclusion Under U.S. Law And NAFTA Article 802

In finding that Mexican slab imports have injured the U.S. industry, the ITC failed to consider and apply its usual analysis of whether imports from a NAFTA member should be included in a safeguard investigation. U.S. law states:

Imports from a NAFTA country or countries normally shall not be considered to contribute importantly to serious injury, or the threat thereof, if the growth rate of imports from such country or countries during the period in which an injurious increase in imports occurred is appreciably lower than the growth rate of total imports from all sources over the same period.²⁴

²⁴ 19 U.S.C. § 3371(b)(2) (2000).

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Imexsa qualifies for this exclusion. Under ITC precedent, there are two potential methods for determining the period of “injurious increase,” and both are typically analyzed.²⁵ The first method is to evaluate the rate of increase only in the years in which an actual increase in import levels has occurred. An alternative is to evaluate the rate of increase for the entire period of the investigation. Here, the ITC only used the alternative method – and, as previously discussed, applied it imprecisely.

Under the first analysis, Mexican slab simply does not “contribute importantly to serious injury” under the statutory criteria. Total slab imports to the United States decreased every year of the investigation except from 1998 to 1999, when total imports rose from 5.35 million short tons to 7.37 million short tons, an increase of 37.7 %.²⁶ From 1998 to 1999, Mexican slab imports into the United States increased from 1.56 million short tons to 1.75 million short tons, an increase of only 12 %. Thus, in absolute terms, Mexico’s rate of increase for the one year in which total imports to the United States actually rose is without doubt “appreciably lower than the growth rate from total imports.” In relative terms, Mexico’s total share of the U.S. import market fell from 29.2 % in 1998 to 23.7 % in 1999.

Even the alternative to the first method – if the ITC had applied it correctly – would require that Mexico be excluded from any affirmative determination under the statutory criteria. The ITC’s statistics on the rate of change in slab imports from 1996 to 2000 mask a fundamental restructuring of the slab import market in the United States. While it is certainly true that total

²⁵ See *Certain Steel Wire Rod*, Inv. No. TA-201-69, USITC Pub. 3207 (July 1999), at I-31.

²⁶ See Imexsa Pre-Hearing Injury Brief at Ex. 3.

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imports grew by only 15.3 % in this time period, the rate of increase of the *current* foreign slab suppliers rose much more significantly. The top six suppliers of slab in 2000 accounted for 89.1% of all imports. As the chart on page 7 shows, the rate of increase of the five top suppliers besides Mexico was 89 % between 1996 and 2000.

Thus, under either of the ITC's methods of analysis, Mexican slab has not 'contributed importantly to serious injury' under the statutory criteria. Mexico's market share increased a mere 12% in the only year under investigation in which slab imports increased, whereas total imports in that time period increased by 37.7%. When viewed from a five-year perspective, the rate of increase of Mexican slab imports was significantly lower than the rate of increase of the other top slab supplying countries. When analyzed as an individual product, Mexican slab is entitled to the NAFTA Article 802 exemption.

Remedies Against Mexican Products Would Require Compensation

Inclusion of Mexican steel products in any import remedy would come with a significant price tag attached. Section 203(a) of the Trade Act, 19 U.S.C. § 2253(a), requires that the President consider nine factors *other than* the ITC's report and recommendation in determining the appropriate course of action. One of the factors the President should weigh is the effect of his actions on the United States' NAFTA treaty obligations—particularly in light of the directive under 19 U.S.C. § 2253(a)(2)(F)(iii) that the President shall take into account “other factors related to the national economic interest of the United States,” including “the impact on United States industries and firms as a result of international obligations regarding compensation.” Under Article 802.6 of the NAFTA, the United States would be required to pay immediate

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compensation or risk retaliation if any remedy is applied to imports from Mexico. In the long-term, any benefit that some U.S. producers might receive through an import restriction against Mexican steel products could be more than offset by equivalent restrictions on U.S. exports to Mexico or compensation paid to Mexico that could have been used in more constructive ways to aid the domestic steel industry.

Imexsa's Integrated Relationship With U.S. Finished Steel Producers – A NAFTA Success

During this investigation, Javier Mancera, Minister for Trade Affairs at the Embassy of Mexico in Washington, DC, stressed the growing importance of NAFTA economic integration, emphasizing the deep and well-established steel supply chains that have formed within the NAFTA region between NAFTA suppliers and NAFTA customers.²⁷ His sole example of this kind of integration was the relationship between Imexsa and Lone Star Steel, which relies wholly on purchased slabs, primarily made-to-order Imexsa slab. Minister Mancera stated:

The competitive edge and efficiency arising from integration within the NAFTA region have allowed jobs that otherwise would have been lost to the region to be maintained. Any restrictive remedy will disrupt these advantageous relationships and undermine the integration that has already been achieved and will make NAFTA steel producers less competitive in the world market.²⁸

Imexsa has been an essential part of this integration. Any import restrictions placed on Imexsa slab would penalize U.S. producers and impede the goal of greater NAFTA economic integration.

²⁷ Record of ITC at 61-63 in Remedy Phase Hearings for *Steel*, Inv. No. TA-201-73, November 6, 2001.

²⁸ *Id.* at 62-63.

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Imexsa urges the President to recognize the importance of these integrated NAFTA relationships and exclude Mexican slab from any import remedy. This move would be consistent with the President's recent decision to continue to exclude imports of Mexican and Canadian steel wire rod from any Section 201 remedy involving that product.

Conclusion

Inclusion of Mexican slab in any import remedy would actually harm a significant number of U.S. steel producers that do not meet their own requirements and cannot meet their needs from domestic suppliers. Those limitations would violate NAFTA and U.S. law, result in an immediate requirement for compensation, and impede the goal of greater NAFTA economic integration. For these reasons, the health of the U.S. steel industry requires the President to exclude Mexican slab from any import remedy implemented as a result of this investigation.

Respectfully submitted,

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